

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04
TRSE-00 FRB-03 OMB-01 ITC-01 PA-01 PRS-01 USIA-06
L-03 NSC-05 SS-15 /084 W
-----020270 232350Z /70

R 231655Z AUG 77

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 2922

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

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USEEC

E.O. 11652: N/A

TAGS: ETRD MO EEC

SUBJECT: MOROCCAN REACTION TO EC TEXTILE IMPORT RESTRICTIONS

REF: (A) BRUSSELS 8154, (B) RABAT 3703, (C) BRUSSELS 7160,
(D) BRUSSELS A-304 JULY 18, 1977

1. SUMMARY: RECENT UNILATERAL EC ACTION TO RESTRICT TEXTILE IMPORTS HAS SET OFF SHOCK WAVES THROUGHOUT MOROCCO. FOLLOWING EXTENSIVE PRESS COMMENTARY CONDEMNING EC MOVE, GOM ON AUGUST 21 ANNOUNCED IMPLEMENTATION OF RETALIATORY TRADE MEASURES AFFECTING MOROCCAN TEXTILE IMPORTS. IN RELATED DEVELOPMENT, GOM OFFICIALS HAVE INFORMALLY RAISED WITH EMBASSY PROSPECTS FOR INCREASED TEXTILE EXPORTS TO U.S., TO BE SPEARHEADED BY EARLY VISIT OF MOROCCAN TEXTILE TRADE MISSION. THIS MESSAGE REVIEWS STATE-OF-PLAY ON ABOVE AND REQUESTS GUIDANCE SHOULD TEXTILE OFFICIALS SEEK EXPLORATORY MEETING WITH EMBOFFS. SEPTELS SET FORTH SPECIFIC MOROCCAN RETALIATORY MEASURES AND PROVIDE BACKGROUND ON CURRENT INDUSTRY DIFFICULTIES.
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END SUMMARY.

2. ALL ELEMENTS OF THE MOROCCAN PRESS, RANGING FROM SEMI-OFFICIAL LE MATIN TO OPPOSITION SOCIALIST (USFP) LIBERATION AND ISTIQLALI L'OPINION HAVE REPEATEDLY AND AT GREAT LENGTH CONDEMNED RESTRICTIONS AS HARMFUL TO MOROCCO'S TEXTILE INDUSTRY.

3. FOLLOWING AN AUGUST 17 MEETING BETWEEN PRIMIN OSMAN AND INDUSTRY REPS, GOM ANNOUNCED AUGUST 21 IT WAS IMPOSING GLOBAL RESTRICTIONS ON TEXTILE IMPORTS WHOSE EFFECTS WILL HIT HARDEST AT EC, PRINCIPAL EXPORTER OF RAW MATERIALS FOR MOROCCO'S TEXTILE INDUSTRY (SEE SEPTTEL FOR DETAILS). IN ADDITION, MEETING REACHED CONSENSUS THAT: (A) EC HAD WRONGFULLY IGNORED ITS OWN INSTITUTIONAL MECHANISMS FOR DEALING WITH ASSOCIATED STATES; (B) EC EXPORTS TO MOROCCO ARE TWICE WHAT IT IMPORTS FROM MOROCCO; (C) THE QUESTION HAS NOW ARISEN AS TO WHETHER EC WISHES TO HAVE A BALANCED ECONOMIC RELATIONSHIP WITH MOROCCO AND ARAB WORLD; AND (D) GOM WOULD AID IN EXPANDING TEXTILE EXPORT MARKETS IN AFRICA AND THE ARAB WORLD.

4. CAUSE OF MOROCCAN DISPLEASURE IS EC-WIDE QUANTITATIVE RESTRICTIONS ANNOUNCED JULY 26 AFFECTING MEN'S AND WOMEN'S SHIRTS, T-SHIRTS, AND COTTON THREAD COMING FROM MOROCCO AND FURTHER AMPLIFIED AUGUST 11 BY SIMILAR RESTRICTIONS AGAINST MOROCCAN PANTS. SEE REFTTEL B.

5. ONE PRONG OF MOROCCAN EXPORT DRIVE IS APPARENTLY GOING TO BE DIRECTED TOWARD THE U.S. IN COURTESY CALL BY E/C COUNSELOR ON ABDELHAMID BENNANI-SMIRE, SEC GEN OF THE MINISTRY OF COMMERCE, THE LATTER INDICATED THAT MOROCCAN TEXTILE MANUFACTURERS WERE CLOSELY EYEING U.S. MARKET IN VIEW OF EC RESTRICTIONS AND WOULD PROBABLY WISH TO HAVE A DELEGATION LIMITED OFFICIAL USE

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MEET EMBOFFS TO DISCUSS POSSIBLE TRADE MISSION. COUNSELOR SAID HE WOULD BE GLAD TO RECEIVE INDUSTRY REPS BUT WAS OTHERWISE NON-COMMITTAL. HE ADDED THAT WHILE MOROCCAN EXPORT GROWTH WAS CLEARLY DESIRABLE, THE U.S. TEXTILE INDUSTRY WAS A TRADITIONALLY SENSITIVE SECTOR.

6. IN SUBSEQUENT COURTESY CALL ON ZINE EL ABIDINE ALAOU, DIRECTOR OF ECONOMIC AFFAIRS IN MOFA, INTERLOCUTOR REFERRED TO CONVERSATION E/C COUNSELOR HAD HAD WITH BENNANI-SMIRE. ALAOU EMPHASIZED MOROCCO'S NEED TO SHIFT SOME OF ITS TEXTILE EXPORTS TO OTHER MARKETS, AND IN VIEW OF SIZE OF U.S. ECONOMY, WE WOULD BE A LOGICAL MARKET TO EXPLORE. AS BAIT, THE OFFICIAL OFFERED THE POSSIBILITY OF SHIFTING PURCHASES OF TEXTILE TECHNOLOGY AND EQUIPMENT FROM TRADITIONAL SUPPLIER FRANCE TO THE U.S. (EMBASSY COMMENT: WITH EXPECTED GLUT OF MOROCCAN TEXTILE PRODUCTION, THE LAST THING INDUSTRY NEEDS IS NEW MACHINERY. IN ADDITION, 50 PERCENT OF CURRENT EQUIPMENT IS LESS THAN FIVE YEARS OLD.) E/C COUNSELOR REMINDED ALAOU AGAIN OF SENSITIVE CHARACTER OF TEXTILES, POINTING OUT U.S. MAINTAINS LARGE NUMBER OF TEXTILE AGREEMENTS WITH OTHER SUPPLIERS UNDER AUSPICES OF MFA. ALAOU SAID HE UNDERSTOOD THIS PROBLEM, BUT FELT MOROCCAN EXPORTS WOULD

REMAIN INSIGNIFICANT COMPARED TO U.S.'S ASIAN SUPPLIERS.
HE THEN CITED VAST DISPARITY IN TRADE BALANCE BETWEEN
U.S. AND MOROCCO (20:1) AND REPEATED IDEA OF TEXTILE
ASSOCIATION TRADE MISSION TO U.S. ALAOUI CONCLUDED WITH
HOPE THAT EMBASSY WOULD RECEIVE INDUSTRY REPS TO DISCUSS
POSSIBILITY OF TRADE MISSION.

7. EMBASSY BELIEVES THERE IS A STRONG LIKELIHOOD OF GOM
FORMALLY OR INFORMALLY REQUESTING EMBASSY SUPPORT, AID OR
GUIDANCE IN SENDING AT AN EARLY DATE A MOROCCAN TEXTILE TRADE
MISSION TO U.S.

8. ACTION REQUESTED: IF GOM DOES REQUEST EMBASSY ASSISTANCE
IN FURTHERING TEXTILE TRADE MISSION TO U.S., WHAT SHOULD
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BE OUR RESPONSE?
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, IMPORT CONTROLS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977RABAT04677
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770304-1188
Format: TEL
From: RABAT USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770833/aaaabbme.tel
Line Count: 138
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9af16856-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BRUSSELS 8154, 77 RABAT 3703, 77 BRUSSELS 7160, 77 BRUSSELS A-304
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1516036
Secure: OPEN
Status: NATIVE
Subject: MOROCCAN REACTION TO EC TEXTILE IMPORT RESTRICTIONS
TAGS: ETRD, MO, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9af16856-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009